STATE OF UTAH INSURANCE DEPARTMENT

REPORT OF FINANCIAL EXAMINATION

OF

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY

OF

SALT LAKE CITY, UTAH

AS OF

June 30, 2004

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July 21, 2005

Honorable Alfred W. Gross, Commissioner
Chair, Financial Condition (E) Committee, NAIC
State Corporation Commission
Bureau of Insurance
Commonwealth of Virginia
P.O. Box 1157
Richmond, Virginia 23218

Honorable Linda Hall, Director
Secretary, Western Zone, NAIC
Alaska Division of Insurance
550 West 7th Avenue, Suite 1560
Anchorage, Alaska 99501-3567

Honorable D. Kent Michie, Commissioner
Utah Insurance Department
State Office Building, Room 3110
Salt Lake City, Utah 84114

Pursuant to your instructions and in compliance with Utah Code Annotated (U.C.A.) Title 31A, an examination, as of June 30, 2004, has been made of the financial condition and business affairs of:

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
Salt Lake City, Utah

a stock life insurance company, hereinafter referred to in this report as the Company, and the following report of examination is respectfully submitted.

SCOPE OF EXAMINATION

Period Covered by Examination

The last financial examination of the Company was conducted as of December 31, 2000. The current examination covers the period from January 1, 2001, through June 30, 2004, including any material transactions and/or events occurring subsequent to the examination date noted during the course of the examination.

Examination Procedure Employed

The examination was conducted to determine compliance with accounting practices and procedures in conformity with the applicable laws of the state of Utah, insurance rules promulgated by the state of Utah Insurance Department (Department), and Statements of Statutory Accounting Principles (SSAPs) contained within the

Accounting Practices and Procedures Manual promulgated by the National Association of Insurance Commissioners (NAIC).

The examination included a general review and analysis of the Company's operations, the manner in which its business was conducted during the examination period, and a determination of its financial condition as of June 30, 2004. Assets were verified and valued, and liabilities were determined or estimated.

The Company retained a certified public accounting firm to audit its financial records for the years under examination. The firm allowed the examiners access to requested work papers prepared in connection with its audits. These work papers were utilized by the examination on a limited basis in the verification of certain balance sheet accounts and as a supplement to the procedures performed during the examination.

The examination relied on the findings of the actuarial firm employed by the Department to verify life insurance premiums and annuity considerations deferred and uncollected on in force business and the aggregate reserve for life policies and contracts. The actuary tested the completeness of the records and the accuracy of the underlying data used to establish reserve amounts.

A letter of representation certifying that management disclosed all significant matters and records was obtained from management and included in the examination working papers.

Status of Prior Examination Findings

Adverse findings noted in the prior report of examination were addressed by the Company or were identified as repeat exceptions in this report. This examination was conducted under the association plan of the National Association of Insurance Commissioners (NAIC).

HISTORY

General

The Company was incorporated under the laws of the state of Pennsylvania on May 13, 1981 as Independence Square Pension Life Insurance Company. The Company's name was changed to Provident Mutual Variable Life Insurance Company on June 16, 1983. The Company was acquired by FMR Corp. on December 30, 1986, after ceding all in force policies to Provident Mutual Life Insurance Company of Philadelphia.

The Company's name was subsequently changed to Fidelity Investments Life Insurance Company, and was re-domesticated from Pennsylvania to Utah effective November 10, 1992.

During the period covered by this examination, the articles of domestication and bylaws were amended. In March 2003, the bylaws were executed which eliminated an officer position to essentially restore the management structure of the Company to its original creation. In March 2004, the articles of domestication were executed to include a subsection 3 and 4 to article 4, which identified carrying business in Canada. Each of these amendments were filed with the Department.

Capital Stock

The articles of domestication provide for authorized capitalization of 1,000,000 shares of common capital stock with a par value of $10 per share. As of June 30, 2004, the Company had 300,000 shares of authorized and outstanding capital stock with an aggregate par value of $3,000,000. The Company is a direct and wholly owned subsidiary of FMR Corporation.

Dividends to Stockholders

The Company neither declared nor paid any dividends during the examination period.

Management

Management of the Company is vested in its board of directors. The following individuals were serving as directors of the Company as of June 30, 2004:

Name and Residence	Principal Occupation
*Melanie A. Calzetti-Spahr Winchester, Massachusetts	President Fidelity Investments Life Insurance Company
James C. Curvey Palm Beach, Florida	Director Retired
*Karen Hammond Providence, Rhode Island	Treasurer Capital Planning FMR Corp.
Edward C. Johnson Boston, Massachusetts	Chief Executive Officer, and Chairman of the Board FMR Corp.
Rodney Raymond Rohda Newton, Massachusetts	Director Retired
Richard Ambrose Spillane Jr. Wellesley, Massachusetts	Executive Vice President Fidelity Management and Research Company
*David Carl Weinstein Newton, Massachusetts	Executive Vice President of Government Relations FMR Corp.

Officers serving as of June 30, 2004, were as follows:

Name	Title
*Melanie A. Calzetti-Spahr	President
Joseph F. Hope III	Treasurer
David J. Pearlman	Secretary, Vice President and Senior Legal Counsel
Tai S. Bright	Executive Vice President, Sales and Relationship Management
Jeffrey D. Schreiber	Executive Vice President, Marketing
William J. Johnson Jr.	Senior Vice President, Actuary
*Joseph L. Kurtzer Jr.	Senior Vice President, Finance and Planning
Edward F. McHugh Jr.	Senior Vice President, Strategic Services
David W. Morse	Senior Vice President, Client Services
Janice M. Drew	Vice President, Human Resources

Investment committee members at June 30, 2004, were as follows:

*Karen Hammond
*Melanie A. Calzetti-Spahr
Richard A. Spillane, Jr.

*As of October 31, 2004, Melanie A. Calzetti-Spahr resigned as President and Director. On November 1, 2004, Clare Richer was appointed by the board of directors as the new President and Director. In July 2005, she resigned from the position of President along with Karen Hammond, David Carl Weinstein, and Joseph L. Kurtzer Jr. Each of these individuals accepted other positions within the FMR Corp. group of companies.

On July 21, 2005, Jon J. Skillman was appointed by the board of directors as the new President and Director. In addition, Roger T. Servison was appointed as a Director and David A. Golino was appointed Chief Financial Officer of the Company.

Conflict of Interest Procedure

During the period covered by the examination, directors and officers of the Company completed conflict of interest statements annually. No exceptions were noted.

Corporate Records

Corporate records generated during the examination period were reviewed. The records consisted of minutes from the meetings of the board of directors, shareholders and committees. The minutes contained detailed information about the Company including current events, officer and director elections, investment transactions and regulatory issues. In general, the minutes adequately approved and supported the Company's transactions and events.

The prior examination report as of December 31, 2000, was distributed to the board in January 2001, in accordance with U.C.A. §31A-2-204(8).

Acquisitions, Mergers, Disposals, Dissolutions, and Purchases or Sales through Reinsurance

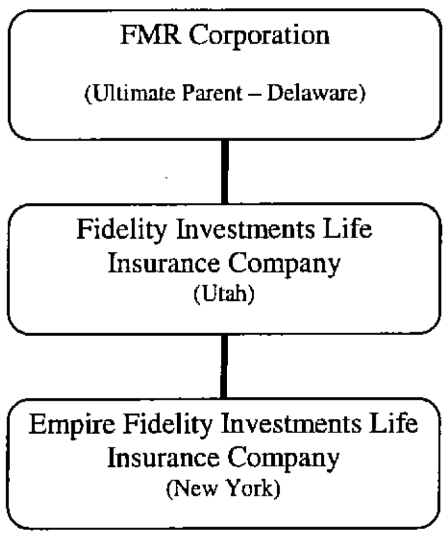
The Company was not involved in any acquisitions, mergers, disposals, dissolutions, or purchases or sales through reinsurance during the examination period.

Surplus Debentures

The Company did not have any surplus debentures issued or outstanding during the examination period.

AFFILIATED COMPANIES

The Company is a member of the following insurance holding company system:



Transactions with Affiliates

As of June 30, 2004, the Company was party to various agreements with affiliated companies, which provided administrative, tax sharing, cost allocation, distribution, participation, and investment management arrangements and/or services.

The more significant affiliated agreements are summarized as follows:

1. Accounts receivable/payable settlement agreement effective: 3/27/00

This agreement involves FMR Corp. (ultimate parent), the Company, Fidelity Brokerage Services, Inc., National Financial Services Corporation, and other affiliates. The agreement generally provides that all amounts currently receivable/payable by and among FMR Corp, et al., and all affiliates shall be settled and cleared exclusively through FMR Corp. Each subsidiary shall settle its account on a monthly basis by payment to FMR Corp. of the excess, if any, of the aggregate of its accounts payable over the aggregate of its accounts receivable as of the end of the month.

2. Administrative services agreement effective: 4/01/98

Under the terms of this agreement, FMR Corp., as "provider", agrees to provide the Company and Fidelity Insurance Agency, Inc. (FIA), services and resources as needed by the two companies to perform the operation of their business. The Company and FIA agree to reimburse FMR Corp. for its actual cost for the services and facilities, within 30 days of receipt of the statement of charges, which are submitted at the end of each calendar quarter.

3. Administrative services agreement (Empire) effective: 3/10/92

This agreement specifies that the Company agrees to provide all accounting and administrative functions necessary for Empire to conduct its insurance operations. Provision is made for the Company to be reimbursed for the actual cost of services and facilities utilized by Empire in its operations.

4. Tax sharing agreement effective: 12/31/92

This agreement provides for the filing of a consolidated federal income tax return between the Company and Empire. The terms of this agreement provide for a defined method by which the annual tax liability will be properly allocated to the extent that each Company will pay an amount, which will be equal to that which would be paid as though the two entities had filed on a separate basis.

5. Investment management agreement effective: 7/11/97

Fidelity Management Trust Company (FMTC) is a Massachusetts bank and trust company that provides investment advice and management services to the Company, and acts in the capacity of "investment manager" for the Company. FMTC has the power and authority to make purchases and sales, and to execute any and all related documents on such asset accounts as designated by the Company, in accordance with investment guidelines, and within the control of the board of directors. FMTC is compensated according to a fee schedule, which involves the application of various percentages being applied to the average month-end market values of the accounts at the close of the last business day at the end of each month.

6. Distribution Agreements effective: 10/01/93 and 10/09/96

The Company appointed Fidelity Brokerage Services, LLC (FBSI), as the principal underwriter for the sale of all variable life and variable annuity contracts. The agreement generally provides for the underwriting, marketing, sales and distribution of the Company's variable life and annuity contracts to FIA.

The terms of the agreements generally provide for the Company to compile periodic marketing reports summarizing sales reports to FIA and FBSI, and to keep them apprised of any developments in the various states with regard to registration requirements, regulatory matters, and SEC requests and amendments, and any other conditions which may effect the marketing of the insurance products. The compensation/commissions arrangements regarding the above are summarized in the individual agreements.

7. Participation and Transfer Agent Agreements effective: various dates

The Company and Fidelity Distributors Corporation (FDC), an affiliate underwriter, have entered into participation agreements with four unincorporated business trusts; the Variable Insurance Products Funds I, II, III and IV.

The Company invests its separate account proceeds of these trusts into mutual funds through FDC. Separate accounts are further discussed under the caption, "Territory and Plan of Operation." Fidelity Service Company (FSC) is responsible for the administrative services as the transfer agent for each of the trusts portfolios.

FIDELITY BOND AND OTHER INSURANCE

The minimum fidelity coverage suggested by the National Association of Insurance Commissioners (NAIC) for an insurer of the Company's size and premium volume is not less than $3,500,000. As of June 30, 2004, the Company had sufficient fidelity bond coverage subject to a loss limit of $100,000,000.

The Company also had additional insurance protection against loss from property and liability risks.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company employees are covered by a non-contributory trustee defined pension benefit plan maintained by the parent company, FMR Corporation (FMR). The benefits provided are based on years of service, final average earnings, estimated primary social security benefit and the age at which you begin to receive a benefit under the plan. FMR funds the deductible and charges each subsidiary for its share of contributions.

The Company also has a profit sharing plan for its employees through FMR. The plan consists of two parts. The first part is an annual profit sharing contribution made from available profits. The second part is comprised of employees' voluntary 401(k) contributions and Company matching contributions to the 401(k) portion of the plan. The board of directors has reserved the right to reduce or suspend employer contributions subject to availability of sufficient profits and cash flows.

The assets of the pension, profit sharing, and retirement savings plans are held under the FMR Defined Contribution Plans Trust by an affiliate, Fidelity Management Trust Company.

Certain employees of the Company are eligible for participation in the earnings of FMR. Participating shares include both compensatory and equity share classes. Earnings are allocated to shareholders based upon changes in the net asset value of FMR. Some of those same share classes also participate in the distributions of retained earnings via dividends.

Other benefits available to employees include medical, dental, disability, accident, life insurance coverage and severance pay.

STATUTORY DEPOSITS

Pursuant to U.C.A §31A-4-105, the Company was required to maintain a deposit in an amount equal to its minimum capital requirement. The Company's minimum capital requirement was $400,000 at June 30, 2004.

The special deposits maintained by or through regulatory agencies in the policyholder's behalf, as of June 30, 2004, were as follows:

State	Description	Statement Value	Fair Value
Arkansas	U.S. Treasury Notes	$ 150,000	$ 162,516
Georgia	U.S. Treasury Notes	35,000	37,920
Massachusetts	U.S. Treasury Notes	100,000	108,344
New Mexico	U.S. Treasury Notes	100,000	108,344
North Carolina	U.S. Treasury Notes	400,000	433,376
Utah	U.S. Treasury Notes	1,500,000	1,625,160
Total		$ 2,285,000	$ 2,475,660

INSURANCE PRODUCTS AND RELATED PRACTICES

Policy Forms and Underwriting

The products offered by the Company include annuities, term life, and variable universal life contracts. In 2001 and 2004, the Company began writing a fixed income annuity product and a variable universal life product. The largest portion of the business in force is comprised of deferred annuity contracts with fixed and variable accumulation values, and single premium immediate annuity contracts with variable and/or fixed income options.

The term life policies have guaranteed level premiums with the option of six different term plans, ranging from 5 years to 20 years. In previous years the Company offered a variable life policy, which is no longer issued, and is currently in a run-off status.

The Company retains the first $25,000, plus 30% of the excess over $25,000, not to exceed $100,000 per risk, on its term life and variable life insurance policies.

An affiliate, Fidelity Brokerage Services, LLC, (FBSI), distributes the annuity products in accordance with provisions of various distributions agreements. The Company's term life and variable life products utilize the underwriting procedures provided by Swiss Re, a reinsurer. In addition, the Company has two individual third party agreements to service their term and variable universal life business.

Policy forms and endorsements were reviewed during the course of the examination. All have been filed with the Department.

Territory and Plan of Operation

As of June 30, 2004, the Company was licensed in all states, except New York, and in the District of Columbia. The Company's annuity and insurance products are marketed, sold, and distributed throughout the country by an affiliated insurance agency. Sales are generally made by direct mail using telemarketing support, and through walk-in investment centers. The Company operates and distributes its products in the state of New York through Empire Fidelity Life Insurance Company, a wholly owned subsidiary.

In 2004, the Company began writing group annuity contracts in all provinces of Canada. Amounts in these contracts are allocated to certain portfolios of the Company's separate accounts.

The Company's separate accounts business is administered exclusively for the variable life and annuity contract owners (US and Canada). The separate accounts are comprised of mutual fund stock portfolios consisting of five separate families of funds (Funds). These Funds are available to act in the capacity as investment vehicles for the separate accounts in accordance with the provisions of each of the Fund's participation agreement.

The contract assets are invested into a Fund that is divided into several series of shares, each representing the interest in a particular managed portfolio of securities and other assets. The full benefit and investment risk is assumed by its contract owner on these separate accounts.

The largest direct premium concentration as of June 30, 2004, was as follows:

State	Annuity Considerations	Deposit-type Contract Funds	Life Insurance Premiums
California	$ 45,300,432	$ 2,891,036	$ 700,564
Texas	35,697,802	3,943,113	502,043
Florida	33,877,785	3,433,815	354,423
Massachusetts	26,370,205	1,194,780	576,725
New Jersey	16,752,884	2,074,549	400,288
Subtotal	157,999,108	13,537,293	2,534,043
All Other States	151,266,776	14,265,802	3,126,298
Total	$309,265,884	$27,803,095	$5,660,341

Advertising and Sales Material

A review of sales material utilized by the Company in its marketing efforts was performed during the course of the examination. There were no items or materials noted that were considered objectionable or misleading.

Treatment of Policyholders

During the course of the examination there were no complaints filed with the Department. The examiners encountered no other items of concern regarding treatment of policyholders. In addition, the Company maintained a complaint log to monitor complaints.

REINSURANCE

Assumed

The Company neither maintained, nor entered into any assumed reinsurance arrangements during the examination period.

Ceded

As of June 30, 2004, the Company participated in numerous reinsurance agreements to protect the excess of its retention in all areas of coverage. The agreements are summarized as follows:

1. RGA Reinsurance Company, effective 04/06/88; the Company retains the first $25,000 on an automatic/facultative basis, plus 30% of the excess over $25,000, not to exceed $100,000 per risk on any single premium variable life policy. This block of business is closed and coverage is split with reinsurer #2 (below).

2. Lincoln National Life Insurance Company, effective 04/06/88; the Company retains the first $25,000 on an automatic/facultative basis, plus 30% of the excess over $25,000, not to exceed $100,000 per risk on any single premium variable life policy.

3. Lincoln National Life Insurance Company, effective 04/01/96; the Company retains the first $25,000 on automatic/facultative basis, plus 30% of the excess over $25,000, not to exceed $100,000 per risk. The coverage is for various level term policies and subject to a maximum of $3,000,000 on a single life or individual life with increasing death benefits or $25,000,000 of individual life coverage in force on the insured on all companies as disclosed on the application or discovered prior to the policy being issued.

4. Connecticut General Life Insurance Company, effective 10/15/93; this agreement provides for automatic excess stop-loss protection under the immediate variable annuity contracts with a maximum issue age of 85. The annuity purchase price of a new annuity contract cannot exceed the greater of 5% of the then current aggregate annuity values under this reinsurance and $3,000,0000 unless agreed to by the reinsurer. The agreement covers issues through 8/31/2000.

5. Principal Life Insurance Company consists of two agreements. The agreement effective as of February 1, 1999, applies to policy forms FVIA-92100 and FVIA-99100. The agreement effective as of April 1, 1999, applies to policy forms FVA-88200 and NRR-96100. Under the provisions of these indemnity agreements, the Company automatically cedes 100% of the fixed annuity portion of the policy.

6. AXA Corporate Solutions Life Reinsurance Company, effective 07/01/01; the Company retains guaranteed minimum death benefit (GMDB) claims below 10 basis points and above 2%, with the reinsurer's liability not exceeding 190 basis points of the annual average aggregate account value per age grouping over each respective calendar year of coverage. The agreement specifies the reinsurer's maximum liability on net purchase payments less than $3,000,000 shall be limited to $1,000,000. Purchase payments greater than $3,000,000 shall be limited to $2,000,000 under these deferred variable annuity contracts with a GMDB.

7. General Electric Capital Assurance Company, effective 10/01/01; the agreement automatically reinsures 100% of the Fidelity Guaranteed Income Annuity (fixed immediate annuity), provided that the Company underwrites and issues policies in accordance with its standard underwriting rules, procedures and practices.

8. Munich American Reassurance Company (MARC) effective 07/01/01; the agreement automatically cedes a share of the life risk of the Company's variable annuities. The Company retains the first $25,000, plus 30% of the excess not to exceed $100,000. Above $275,000 MARC will accept 100% up to a maximum of $6,000,000 on any one life. The GMBD on these variable annuities applies to the policy forms NRR-96100 and NRR-96101 on issue dates March 1, 2000 to June 30, 2001.

9. Munich American Reassurance Company (MARC) effective 12/01/01; the agreement automatically reinsures new deferred annuity contracts that elected the optional death benefit under the policy forms NRR-96100, NRR-96101, and NRR-96102. The Company retains the first 25% of the total deposits per contract. The next 50% of

total deposits, up to $1,000,000 is ceded to MARC. The company retains amounts in excess of 75% of the total deposits.

10. Continental Assurance Company (CNA) effective 10/1/98; the agreement fully reinsures the standard GMDB on all deferred variable annuity policies issued from 9/9/98 through 2/29/2000, as well as policies issued before 9/9/98 that are between the ages of 70 and 85. This agreement also fully reinsures these policies issued through 11/30/2001 that elected the optional death benefit. Premium rates for this agreement vary by death benefit type and issue date. Effective January 1, 2001, CNA assigned reinsurance contracts and treaties to MARC.

11. Continental Assurance Company (CNA) effective 04/01/98; the agreement provides a facultative coinsurance arrangement whereby the Company will submit risks on accepted coverage for term life policies. On facultative business, no risk is retained by the Company. This agreement is closed to new business. Effective January 1, 2001, CNA assigned reinsurance contracts and treaties to MARC.

12. Swiss Re Life & Health America, Inc. (Swiss Re) effective 02/13/04; the agreement provides for automatic and facultative coverage on variable universal life policies. The Company retains the first $25,000, plus 30% of the excess not to exceed $100,000 on any one life or one pair of lives for survivor variable universal life.

13. Swiss Re Life &Health America, Inc. (Swiss Re) effective 03/12/04; the agreement provides for automatic and facultative coverage on term life policies. The Company retains the first $25,000, plus 30% of the excess not to exceed $100,000 on any one life.

ACCOUNTS AND RECORDS

The Company's accounting system was maintained electronically on a general ledger consisting of a cash ledger, a statutory accrual ledger a separate accounts ledger and sub-ledgers, journal registers and other computerized reports created from source documents. At year-end the accounts comprising the three ledgers are adjusted and reclassified into the final statutory annual statement.

An examination trial balance, as of June 30, 2004, was prepared from the Company's computerized general ledger. Account balances were traced to the quarterly statement exhibits and schedules. Individual account balances for the examination period were examined as deemed necessary.

FINANCIAL STATEMENTS

The following financial statements are included in the examination report:

BALANCE SHEET for the period ending June 30, 2004

SUMMARY OF OPERATIONS for the period ending June 30, 2004

RECONCILIATION OF CAPITAL AND SURPLUS - 2001 through June 30, 2004

The accompanying NOTES TO FINANCIAL STATEMENTS are an integral part of the financial statements.

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
BALANCE SHEET
As of June 30, 2004

ASSETS

	Amount
Bonds	$ 577,858,230
Common stocks	37,434,970
Cash and short-term investments	23,505,270
Contract loans	33,824
Investment income due and accrued	10,307,287
Uncollected premiums and agents' balances	126,215
Deferred premiums, agents balances and installments	2,779,836
Amounts recoverable from reinsurers	538,088
Other amounts receivable under reinsurance contracts	324,182
Net deferred tax asset	6,201,967
Electronic data processing equipment and software	677,164
Aggregate write-ins for other than invested assets	658,369
Separate accounts	10,504,947,331
Total assets	11,165,392,733

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserves for life contracts	177,373,462
Contract claims: Life	1,076,138
Premiums and annuity considerations for life and health contracts received in advance	74,307
Other amounts payable on reinsurance	999,044
Interest Maintenance Reserve	4,390,091
Commissions to agents due or accrued	1,375,760
General expenses due or accrued	2,893,944
Transfers to separate accounts	1,205,357
Taxes, licenses, and fees due or accrued, excluding federal income taxes	496,438
Current federal and foreign income taxes	7,480,844
Amounts withheld or retained by company as agent or trustee	49,593
Remittances and items not allocated	4,088,438
Asset valuation reserve	2,997,708
Payable to parent, subsidiaries and affiliates	4,284,276
Payable for securities	226,063
From separate accounts statement	10,473,912,675
Total liabilities	10,682,924,138
Common capital stock	3,000,000
Gross paid in and contributed surplus	63,300,000
Unassigned funds (surplus)	416,168,595
Total capital and surplus	482,468,595
Total liabilities, capital and surplus	$ 11,165,392,733

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
SUMMARY OF OPERATIONS
For the six month period ending June 30, 2004

Premium and annuity considerations for life and accident and health contracts	$ 222,217,258
Net investment income	14,149,836
Amortization of Interest Maintenance Reserve	843,842
Separate accounts net gain form operations excluding unrealized gains or losses	2,401,243
Commissions and expense allowances on reinsurance ceded	6,148,708
Income from fees associated with investment management	46,681,990
Total revenues	292,442,877
Death benefits	194,958
Annuity benefits	80,126,984
Surrender benefits and withdrawals for life contracts	412,818,243
Interest and adjustments on contract or deposit-type contract funds	88,568
Increase in aggregate reserves for life and accident and health policies and contracts	(13,227,804)
Total benefits and reserves	480,000,949
Commissions on premiums, annuity considerations and deposit-type contract funds	8,081,711
General insurance expenses	22,827,925
Insurance taxes, licenses and fees, excluding federal income taxes	1,167,801
Increase in loading on deferred and uncollected premiums	(250,978)
Net transfers to or (from) separate accounts net of reinsurance	(252,876,991)
Total expenses	258,950,417
Net gain from operations before dividends to policyholders and federal income taxes	33,492,460
Dividends to policyholders	-
Net gain from operations after dividends to policyholders and before federal income taxes	33,492,460
Federal income taxes incurred	4,767,820
Net gains from operations after federal income taxes and before realized capital gains	28,724,640
Net realized capital gains or (losses)	8,893
Net income	$ 28,733,533

FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
RECONCILIATION OF CAPITAL AND SURPLUS
2001 through June 30, 2004

	2001	2002	2003	June 30, 2004
Capital and surplus, December 31, previous year	$ 289,839,517	$ 342,337,038	$ 387,083,869	$ 452,484,457
Net income	41,596,714	42,978,954	61,396,850	28,733,533
Change in net unrealized capital gains (losses)	2,875,886	4,083,362	4,637,868	2,543,125
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	(53,404)
Change in net deferred income tax	3,292,071	(3,672,070)	(2,652,797)	(1,457,741)
Change in nonadmitted assets	(1,925,894)	2,181,245	3,220,390	1,189,950
Change in asset valuation reserve	295,936	(824,660)	(1,201,723)	(971,325)
Cumulative effect of changes in accounting principles	6,362,808	-	-	-
Net change in capital and surplus for the year	52,497,521	44,746,831	65,400,588	29,984,138
Capital and surplus, December 31, current year	$ 342,337,038	$ 387,083,869	$ 452,484,457	$ 482,468,595

NOTES TO FINANCIAL STATEMENTS

Comments on the financial statements were not considered necessary by the examination.

The capital and surplus reported by the Company in its June 30, 2004 quarterly financial statement blank was $482,468,595. For examination purposes, no adjustments were determined necessary.

U.C.A. §31A-5-211(2)(a) requires the Company to maintain a minimum capital in the amount of $400,000. As defined by U.C.A. §31A-17-601, the Company reported total adjusted capital of $516,152,913 and an authorized control level risk-based capital (RBC) requirement of $14,813,121 as of December 31, 2004.

SUMMARY OF EXAMINATION FINDINGS

Items of significance or special interest contained in this report are summarized below:

1. U.C.A. §31A-5-211(2)(a) requires the Company to maintain a minimum capital in the amount of $400,000. As defined by U.C.A. §31A-17-601, the Company reported total adjusted capital of $516,152,913 and an authorized control level risk-based capital (RBC) requirement of $14,813,121 as of December 31, 2004. (COMMENTS ON FINANCIAL STATEMENTS)

CONCLUSION

The assistance and cooperation extended during the course of the examination by officers, employees and representatives of the Company are acknowledged. In addition to the undersigned, Donald R. Catmull, AFE, insurance examiner representing the Utah Insurance Department, participated, and Thomas L. Burger of Taylor-Walker & Associates, conducted the actuarial phases of the examination.

Respectfully submitted,

David A. Martinez

David A. Martinez, CFE
Examiner in Charge, representing the
Utah Insurance Department and
the Western Zone (IV) NAIC